

# News Release



***Controller of the State of California - Kathleen Connell***

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***For Immediate Release***

## **STATE CONTROLLER KATHLEEN CONNELL'S AUDIT SHOWS LOS ANGELES UNIFIED SCHOOL DISTRICT OVERCHARGED STATE \$5,328,000**

### **Connell Says Amounts Paid by State Were in Excess of Allowable Costs Claimed**

**Sacramento, CA, November 16, 2001** – State Controller Kathleen Connell today released her office's audits of the Los Angeles Unified School District (District). The audits found the District overcharged the State by \$5,328,000 in costs associated with the following legislatively mandated cost programs: Intradistrict Attendance Program (\$1,127,757); Pupil Exclusions Program (\$2,698,873); and the Collective Bargaining Program (\$1,501,370). The audits covered the period of July 1, 1997, through June 30, 1999.

School districts are legally reimbursed for increased costs incurred from legislatively mandated programs. "The disallowed costs, totaling \$5,328,000, resulted from inadequate documentation supporting claimed labor hours and an overstatement of the number of allowable exclusions claimed," says Connell. "Consequently, any amounts paid in excess of allowable costs claimed should be returned to the State."

The District has proposed to conduct a representative time study to support costs that were disallowed in the Intradistrict Attendance Program. The SCO will examine the results of the time study currently being performed to determine whether it is valid and can be reasonably applied to the audit period. "If my office determines that the disallowed costs should be reduced as result of the time study, a revised report will be reissued to reflect the changes," Connell explained.

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**Copies of the Audit Reports may be obtained by contacting Stacey Ragland at (916) 445-2636**